



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

FmHA AN No. 3048 (1945-A)

July 25, 1994

SUBJECT: Need for a Secretarial Natural Disaster
Designation to Make Small Business Administration
(SBA) Economic Injury Loans Available to
Businesses Dependent on Agriculture

TO: State Directors, FmHA

ATTN: Chiefs, Farmer Programs

PURPOSE/INTENDED EFFECT:

The purpose of this Administrative Notice (AN) is to clarify when a Secretarial Disaster Designation is needed to make SBA economic injury loans available to businesses dependent on agriculture.

COMPARISON WITH PREVIOUS AN:

No other AN has been issued on this subject.

IMPLEMENTATION RESPONSIBILITIES:

Section 1945.26(c) of FmHA Instruction 1945-A states that SBA disaster loans are available in counties named by the Federal Emergency Management Agency (FEMA) under a major disaster or emergency declaration by the President for physical loss and/or economic injury disaster loans; declared by the SBA Administrator for physical loss and economic injury disaster loans; or designated by the Secretary of Agriculture for agri-dependent businesses.

It has recently come to the National Office's attention that in order for SBA economic injury loans to be made available to businesses dependent on agriculture, FEMA's notice of a Presidential major disaster or emergency declaration must specify "individual assistance." If FEMA's notice specifies "public assistance" only, SBA economic injury loans cannot be made available to businesses dependent on agriculture. Neither can this assistance be made available under a separate SBA declaration for economic injury loans to businesses dependent on agriculture. When a FEMA notice

EXPIRATION DATE: June 30, 1995

FILING INSTRUCTIONS:
Preceding FmHA
Instruction 1945-A



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specifies "public assistance" only, the only way economic injury loans can be triggered for businesses dependent upon agriculture is through a natural disaster designation by the Secretary of Agriculture as a primary or contiguous county.

The FmHA emergency (EM) loan program is not affected by whether the FEMA notice specifies individual and/or public assistance. That is, in all cases, the FmHA EM loan program is triggered when there is a Presidential major disaster or emergency disaster declaration. There is only one 8-month (proposed to be changed to 12-month) application period for the same incidence and incidence period for FmHA EM loans.

You might have observed in the past and there might be times in the future where one or more counties requested by a Governor for a natural disaster designation by the Secretary of Agriculture have already been declared under a Presidential disaster declaration. A request might be made for a Secretarial designation of a county(ies) already declared under a Presidential because of SBA's economic injury loans that can be made to businesses that are dependent on agriculture.

USDA plans to confer with FEMA and SBA at the National level to work toward a solution to preclude duplication in processes necessary to make Federal programs available to individuals and entities affected by natural disasters. In the meantime, we request that you confer with your Governor's office(s) and regional FEMA and SBA offices to work toward a solution within the State(s) under your jurisdiction. For example, if the Governor's office, FEMA, and SBA are aware of agri-dependent businesses in need of SBA economic injury loan assistance as a result of a major disaster or emergency situation, perhaps an assessment would result in "individual assistance" being specified in the FEMA notice of a Presidential major disaster or emergency declaration. If "individual assistance" cannot be specified, then you need to explain to the Governor's office that a Secretarial disaster designation would need to be requested and approved to make SBA economic injury loan assistance available for businesses dependent on agriculture.

We ask your continued cooperation in assuring that the Governor's office(s) is aware of the three-month limitation for requesting a Secretarial disaster designation; i.e., that a written request must be received within three months from the last day of the occurrence of a disaster. We also request your continued cooperation in assuring that a Damage Assessment Report (DAR) is accurately prepared for any county requested by the Governor for a Secretarial disaster designation and that the minutes of meetings of the local and State Food and Agriculture Councils and all other

information necessary to process the designation request are submitted. Even if our FmHA EM loan program has already been made available under a Presidential major disaster or emergency declaration for the same incidence and incidence period and it seems like a duplication where the FmHA EM program is concerned, a request for a Secretarial disaster designation may be made in an effort to trigger the availability of SBA economic injury loans for agri-dependent businesses.



MICHAEL V. DUNN
Administrator